

COON RAPIDS CITY COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2014

CALL TO ORDER

A special meeting of the Coon Rapids City Council was called to order by Mayor Tim Howe at 7:30 a.m. on Friday, September 26, 2014, in the Council Chambers.

ROLL CALL

Members Present: Mayor Tim Howe, Councilmembers Denise Klint, Ron Manning, Paul Johnson, Jerry Koch, Bruce Sanders and Steve Wells

Members Absent: None

NEW BUSINESS

1. CONSIDER HARVEST GRILL LEASE

The Staff report was shared with Council.

City Manager Gatlin explained the financial difficulties of Harvest Grill and noted that staff has been working on an arrangement to assign the existing lease on a temporary basis to KB & J's Enterprises, Inc.

Councilmember Klint asked about the equipment at the site. City Attorney Brodie explained that the City owns the equipment with the exception of the safe. City Attorney Brodie then explained that there is a provision in the lease and the Temporary Assignment that allows the City to inventory the items and determine condition of the equipment.

Councilmember Sanders asked for the status of liquor sales at the restaurant. City Attorney Brodie explained that there is no ability to purchase liquor based on the tax delinquency of Potluck Catering but said that the restaurant is operating with limited selections of alcohol available.

Councilmember Koch asked when the rent will be paid. City Attorney Brodie indicated that rent payments are to resume immediately.

Councilmember Manning asked what happens if KB & J is unable to obtain a liquor license to run the restaurant. City Attorney Brodie explained that it is possible the restaurant would need to close but said a closure, if any, would be short as the City is set to take possession of the facility on November 3, 2014 under the terms of the Temporary Assignment.

Mayor Howe asked for information on how the City would obtain the details for currently booked catering events. City Attorney Brodie explained that the Temporary Assignment requires Potluck Catering and KB & J to provide information to the City on all future events so that the City can ensure a smooth transition to a new vendor.

Councilmember Sanders asked what happens to the Harvest Grill sign. City Attorney Brodie indicated the sign can be negotiated but, at some point, it is anticipated that the new vendor would want to brand the restaurant with its own name and logo so the sign most likely goes away.

Councilmember Koch asked for assurances that the new vendor would assume all future events booked by Potluck Catering. City Attorney Brodie indicated that the new potential vendors have all been informed of that requirement and have indicated willingness to do so at a similar price point.

Mayor Howe asked staff to discuss the outline of necessary events in the process. City Manager Gatlin explained that staff researched possible new vendors, looked at the process from four years ago and brought in 6 or 7 possible new vendors to conduct interviews. Gatlin indicated that staff will complete the interview process and have a recommendation ready for Council by October 13, 2014.

City Manager Gatlin recommended a Committee of the Council be appointed to participate in interviews and noted the staff would be Finance Director Legg, Golf Manager Anderson, and he.

Councilmember Manning said he is impressed with how quickly this has been handled and taken care of by staff and thanked staff for their efforts.

Councilmember Klint asked if there are any assurances that Potluck Catering cannot make a claim on the City. City Attorney Brodie indicated that it is possible a claim could be made but nothing of that nature came up during the negotiations. City Attorney Brodie explained that the lease would be terminated and all issues resolved at that time.

Councilmember Sanders asked if there is any leased equipment and how that would be handled. City Attorney Brodie indicated that there is leased equipment. Finance Director Legg said that Potluck Catering informed staff they owe \$75,000 in equipment and staff thinks it is for the beverage carts. Finance Director Legg indicated that the leased equipment amount outstanding may be another liability for the City.

Councilmember Manning asked if there are any plans to collect the money Potluck Catering owes the City. City Attorney Brodie indicated that everything is on the table and staff would suggest at a minimum collecting past rent.

Councilmember Koch suggested keeping the name "Harvest Grill" in play because there are a number of community partners who have worked together to market the Harvest Grill. City Attorney Brodie indicated that the name is still in play but the name of the restaurant ultimately is up to the new vendor and how they wish to brand the restaurant.

Finance Director Legg pointed out that there is real potential in this facility and it is unfortunate that Potluck Catering is having financial difficulty at other locations that is impacting the Harvest Grill at Bunker. City Manager Gatlin agreed that all the firms contacted as potential vendors were highly impressed with the venue and the financials and all see it as an opportunity.

MOTION BY COUNCILMEMBER JOHNSON, SECONDED BY COUNCILMEMBER WELLS, TO AUTHORIZE EXECUTION OF THE TEMPORARY ASSIGNMENT AGREEMENT. THE MOTION PASSED UNANIMOUSLY.

Council established a Committee to conduct vendor interviews consisting of Councilmember Wells, Councilmember Koch, and Councilmember Klint and staff as suggested by City Manager Gatlin. Councilmember Manning will serve as an alternate, if needed.

Councilmember Koch asked for clarity on the attorney client privilege and how many questions can be asked and answered. City Attorney Brodie explained that ongoing negotiations regarding lease termination may be confidential but all information discussed at this meeting is public information. City Attorney Brodie indicated that if a Councilmember receives questions that seem to be attorney client privileged or of a legal nature those should be referred to his office.

Councilmember Johnson asked if there will be an article on the website for information for anyone interested. Mayor Howe asked that any statement used be general in nature.

Councilmember Klint asked who people work with to book events at the facility for the interim time period. City Manager Gatlin indicated that they will still work with Potluck Catering and Angie, the Event Coordinator. The City would like to convey the message that everything is business as usual until November 2, 2014 and at that time, there will be a seamless transition to the new vendor.

Councilmember Koch expressed concern regarding deposits for bookings between now and November 2, 2014. City Attorney Brodie indicated that staff will work with Mr. Hines on the deposit details.

Councilmember Klint suggested an escrow account for deposits. Councilmember Sanders asked why the City would allow Potluck Catering to take the deposits for something that the business will not be a part of. Finance Director Legg indicated that staff would work with Potluck Catering and try to escrow deposits. Finance Director Legg pointed out that there may be people that have paid more on their weddings as progress payments so those details will need to be worked out.

Councilmember Koch indicated that before agreeing to the termination of the lease the City should require booking information and deposit information.

Councilmembers Sanders complimented the staff on getting this far this quickly.

OTHER BUSINESS

None.

Special City Council Meeting Minutes
September 26, 2014
Page 4

ADJOURN

MOTION BY COUNCILMEMBER WELLS, SECONDED BY COUNCILMEMBER SANDERS,
TO ADJOURN THE MEETING AT 8:13 A.M. THE MOTION PASSED UNANIMOUSLY.

Tim Howe, Mayor

ATTEST:

Joan Lenzmeier, City Clerk